

PUBLIC DISCLOSURE

July 23, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

LUSO-AMERICAN CREDIT UNION

**37 TREMONT STREET
PEABODY, MA 01960**

**DIVISION OF BANKS
1000 WASHINGTON ST, 10TH FL
BOSTON, MA 02118**

NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.
--------------	--

TABLE OF CONTENTS

I.	General Information.....	1
II.	Institution Rating.....	1
III.	Performance Context	
	a. Scope.....	2
	b. Description of Institution.....	2
	c. Description of Assessment Area	3
IV.	Performance Criteria.....	6

GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Luso-American Credit Union (or the "Credit Union")** prepared by the Division, the institution's supervisory agency, as of **July 23, 2012**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory."

A CRA rating of "Satisfactory" is assigned. An institution in this group has an adequate record of ascertaining and helping to meet the credit needs of its entire assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The following is a summary of the Credit Union's performance under each of the five criteria applicable to a Small Institution.

- The average loan-to-share ratio of 52.2% is reasonable, given the Credit Union's size, resources and product offering.
- The majority of the Credit Union's mortgage lending, reportable under HMDA, and consumer lending, 95.4% by number, is inside the assessment area.
- The Credit Union demonstrates an adequate penetration of lending to borrowers of different incomes. During the time period under review 48.0% of the Credit Union's HMDA reportable loans were granted to low- and moderate-income borrowers. The performance under this criterion exceeded that of aggregate in 2010, and remained consistent in 2011. For consumer lending, the Credit Union's performance was above area demographics. The Credit Union's performance is mitigated by the relatively low volume of originations as well as the imprecise nature of the comparison between consumer loans' borrower income and area demographics.
- The geographic distribution of the Credit Union's lending reflects a reasonable dispersion throughout the assessment area. Lending patterns within low-income census tracts were consistent with the institution's resources and methods of receiving applications. Within moderate-income census tracts, the Credit Union's 2010 performance is comparable to area demographics and is above aggregate.
- The Credit Union's fair lending policies and procedures are considered reasonable and the Credit Union did not have any consumer complaints relating to CRA.

PERFORMANCE CONTEXT

Scope of Examination

The Credit Union was evaluated under the Federal Financial Institution Examination Council Small Institution examination procedures for CRA purposes. Based upon the loan portfolio distribution of the institution, the data considered for this evaluation consisted of residential mortgages as reported in the Credit Union's HMDA Loan Application Register ("LAR") for 2010 and 2011. Demographic data of the assessment area is compared to the lending performance of the Credit Union and other lenders in the assessment area (aggregate lending data) for both years. In addition to residential data, consumer lending performance was sampled and reviewed, as it comprised a significant portion of the origination volume. The consumer lending performance for 2010 and 2011 was compared to demographics of the assessment area.

Description of Institution

Luso-American Credit Union has been a state-chartered credit union since 1961. The Credit Union was originally formed to serve Portuguese immigrants and people of Portuguese descent residing or working in the City of Peabody. Today, membership has expanded to include anyone working or residing in the Essex County or any who are eligible to join Portuguese organizations within the city of Peabody.

The Credit Union offers its members a full range of credit and deposit services including checking accounts, ATM cards (linked to the SUM network), debit cards, and term certificates. The types of credit offered by the Credit Union consist of first- and second-lien real estate mortgages; home equity lines of credit; new and used automobile loans; personal unsecured loans; educational loans; a Visa credit card; and share secured loans. In addition, the Credit Union offers telephone banking that enables its members to make account inquires, obtain transaction histories, and transfer payments to loan accounts. There are currently 14 employees, and languages spoken include English, Portuguese and Spanish.

The National Credit Union Association's ("NCUA") Quarterly Call Report as of the June 30, 2012 indicates Luso-American Credit Union has total assets of \$73,854,142. Of total assets, \$31,029,750 or 42.0 percent were in the form of gross loans. Real estate loans comprised the majority of the portfolio at approximately 81.1 percent. The following table reflects Luso-American Credit Union's loan portfolio (by percentage) as of June 30, 2012.

Table 1 – Loan Distribution as of June 30, 2012*		
Loans Secured by Real Estate	Dollar Volume	Percentage of Total Loans
1st Mortgage	14,074,957	45.4
2nd Mortgage/ Revolving Lines of Credit**	11,089,770	35.7
Total Real Estate Loans	25,164,727	81.1
Unsecured Consumer Loans	597,290	1.9
Credit Card Loans	1,589,561	5.1
New Auto Loans	951,058	3.1
Used Auto Loans	1,709,951	5.5
Other Loans/Lines of Credit	1,007,763	3.2
Total Loans	31,020,350	100.0
<i>* NCUA 5300 Report as of June 30, 2012</i>		
<i>**Includes Home Improvement, Home Equity Lines of Credit, Second Mortgages, and Mobile Home Loans.</i>		

Luso-American Credit Union is headquartered in Peabody, Massachusetts at 37 Tremont Street. Office hours are convenient and appear to be accessible to all segments of the assessment area. The Credit Union is open Monday through Wednesday from 9:00 am to 5:00 pm and Thursday and Friday 9:00 am to 6:00pm. The Credit Union also maintains hours from 8:30 am to 1:00 pm on Saturday. Drive-up service is available at the branch. In addition, the Credit Union operates one 24 hour Automated Teller Machine (“ATM”) at this location. No offices have been opened or closed since the last CRA examination.

Luso-American Credit Union has competition from several financial institutions within its assessment area. The Credit Union considers its primary competition to be North Shore Bank and Community Credit Union. Additionally, 415 lenders operate within the area, including mortgage companies and national banks, such as Mortgage Master and Bank of America. The market influence from these institutions appears to be significant and, as a result, serves to keep the Credit Union’s rates and services offered competitive.

The Credit Union was last examined for compliance with CRA by the Division on September 6, 2005. That examination resulted in a CRA rating of Satisfactory.

Description of Assessment Area

The CRA requires a credit union to designate one or more assessment area(s) within which its record of helping to meet the needs of its community will be evaluated. The Division evaluates the institution’s CRA performance based on the defined assessment area. Generally, assessment areas are expected to consist of Metropolitan Statistical Areas (“MSAs”) or contiguous political subdivisions such as counties, cities, and towns.

The Credit Union has designated all of Middlesex County and Essex County, Massachusetts, as its assessment area, located in the Essex County, MA MD.

The following table contains the demographics of the assessment area in greater detail.

Table 2 Assessment Area Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	156	9.6	21.1	47.4	21.8
Population by Geography	723,419	6.5	19.0	49.3	25.2
Owner-Occupied Housing by Geography	287,144	1.6	11.1	55.9	31.4
Family Distribution by Income Level	186,043	20.8	17.4	22.0	39.8
Household Distribution by Income Level	275,410	25.8	15.7	18.5	40.0
Household Distribution by Geography	275,410	5.8	19.2	51.4	23.6
HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		\$83,900 9.5%	Median Housing Value Avg Unemployment Rate (BLS)		\$207,469 8.8%
Source: 2000 US Census, 2011 HUD updated Median Family Income					

Population

The total population of LACU's assessment area is 723,419. The total number of households, which make up this population, is 275,410 of which 68,848 households or 25.0 percent are located within low- and moderate-income tracts.

Out of the 186,043 households that are families, 38.2 percent of families fall into the low- or moderate-income category. Over nine percent of the households have income below the poverty level.

Housing

There are a total of 287,144 housing units in the assessment area. Of the total units, 61 percent are owner-occupied, 36 percent are rental and 4 percent are vacant. Approximately 12.7 percent of all owner occupied units are located within low- and moderate-income census tracts.

Additional information provided from The Warren Group estimates the median housing sales price within Essex County during 2011 at \$267,500. The sales price has decreased significantly since the previous exam, particularly between 2006 and 2009 with a drop from \$335,000 to \$258,000. The steep decline in sales price could suggest an anemic housing market, wherein prospective buyers are cautious to borrow.

Economy/Employment

According to the most recent data from the Bureau of Labor Statistics, the average unemployment rate within the assessment area during the evaluation period was 8.3 percent. The overall state level of unemployment for the same period was approximately 7.8 percent. This may suggest further constraints to applications for residential credit.

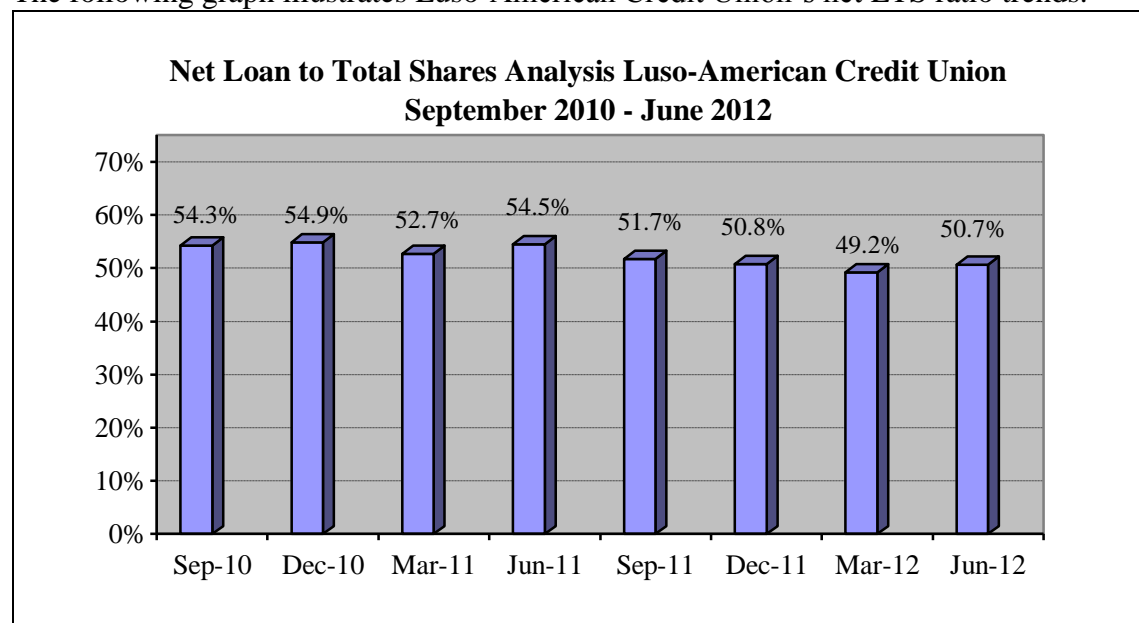
PERFORMANCE CRITERIA

1. LOAN TO SHARE ANALYSIS

Based upon the following, Luso-American Credit Union's average net loan-to-share (LTS) ratio is Satisfactory.

An analysis of Luso-American Credit Union's net LTS ratios was performed. The calculation incorporated eight quarters of the Credit Union's net LTS figures as reflected in the Credit Union's quarterly NCUA 5300 Reports. The quarters reviewed included the periods from September 30, 2010 through June 30, 2012. Luso-American Credit Union's net LTS ratio, on average, was 52.2 percent, an increase from the previous evaluation's average LTS ratio of 48 percent. This ratio has remained fairly consistent over the quarters, trending from a high 54 percent on September 30, 2010, to a low 49 percent on March 31, 2012, rebounding slightly in the most recent quarter to 50.7 percent. The slight decrease over the period is attributable to a marked growth in member shares of approximately 8 percent, compared to a loan growth rate of 1 percent.

The following graph illustrates Luso-American Credit Union's net LTS ratio trends.



Source: NCUA 5300 reports from September 30, 2010 through June 30, 2012

A comparison of Luso-American Credit Union's LTS ratio to that of other area financial institutions was performed and is reflected in the following table. The institutions chosen for this analysis are of similar size and type. The ratios shown are calculated from the previous eight quarters of Call Report data as of June 30, 2012.

Table 3 – Loan-To-Share Comparison to Similarly Situated Institutions		
Institution	Avg Net Loan to Share Ratio	Asset Size
Community Credit Union	99.0%	135,848,080
St. Jean's Credit Union	70.0%	112,341,830
Brotherhood Credit Union	61.8%	110,347,352
Luso-American Credit Union	52.4%	73,854,142

Source: NCUA 5300 reports September 30, 2010 to June 30, 2012

Luso-American Credit Union has a lower ratio than the similarly situated institutions. However, based on the Credit Union's capacity to lend, the capacity of other similarly situated credit unions, the type of loans available, and the lending opportunities available to its membership, the loan-to-share ratio of the Credit Union is considered to meet the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion determines what percentage of the Credit Union's lending occurs within the Credit Union's assessment area and evaluates its appropriateness. Based on a review of the Credit Union's home mortgage data and the consumer loans data, a substantial majority of the Credit Union's lending activity occurs within the assessment area. Refer to Table 4 for the distribution of loans inside and outside the assessment area.

For this performance criterion, the Credit Union's HMDA LARs and a sample of consumer loans were reviewed to determine the number and dollar amount of loans extended within the assessment area. For calendar years 2010 and 2011, the Credit Union originated 37 residential loans totaling approximately \$5.1 million. Additionally, 50 consumer loans were reviewed for the years of 2010 and 2011, totaling \$187,000. Of these loans, 83 or 95.4 percent were originated inside the Credit Union's assessment area totaling approximately \$4.8 million or 91.1 percent by dollar amount.

Table 4 Distribution of Loans Inside and Outside of the Assessment Area										
Loan Category or Type	Number of Loans					Dollar Volume (\$000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2010 HMDA Loans Total	23	92.0	2	8.0	25	2,631	89.8	300	10.2	2,931
2011 HMDA Loans Total	11	91.7	1	8.3	12	2,033	92.5	165	7.5	2,198
HMDA Loans Total	34	91.9	3	8.1	37	4,664	90.9	465	9.1	5,129
2010 Consumer Loans	25	100.0	0	0.0	25	92	100.0	0	0.0	92
2011 Consumer Loans	24	96.0	1	4.0	25	88	92.6	7	7.4	95
Consumer Loans Total	49	98.0	1	2.0	50	180	96.3	7	3.7	187
Grand Total	83	95.4	4	4.6	87	4,844	91.1	472	8.9	5,316
<i>Source: 2010 and 2011 Bank HMDA LARs , and 2010 and 2011 Bank Consumer Loan Samples</i>										

Residential Lending

As noted in Table 5, a majority of home mortgage loans by number and dollar volume were extended inside the assessment area. The Credit Union's home mortgage lending activity shows a decreasing trend from 2010 to 2011 as the number of loans originated was halved. The source of the decrease appears in refinance and home improvement originations, which fell by 7 loans from 2010 to 2011. These figures are indicative of the overall decrease in need to refinance following the activity in 2010. There was a heavy flow of refinances during 2010 due to rate drops, which may have limited the activity of refinances in 2011. Preliminary review of year to date HMDA data does suggest an increase in originations for 2012.

Consumer Lending

A substantial majority of consumer loans were also extended within the assessment area, by number and dollar amount.

Given the significant majority of the Credit Union's lending is inside the assessment area, the Credit Union's performance demonstrates an excellent level of lending within the assessment area.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The distribution of loans by borrower income was reviewed to determine the extent to which the Credit Union is addressing the assessment area's credit needs.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

Residential Lending

Refer to the table below for specific data on the borrower distribution of home mortgage loans within the assessment area compared to total families by income level and/or aggregate lending data for 2010 and 2011.

Table 5 - Distribution of HMDA Loans by Borrower Income Category								
Borrower Income Level	% of Families within the Inc. Category	2010		2010 Aggregate Lending Data (%)	2011		Total	
		#	%		#	%	#	%
Low	20.8	3	13.0	5.6	2	18.2	5	14.7
Moderate	17.4	9	39.2	18.5	2	18.2	11	32.3
Middle	22.0	8	34.8	25.1	4	36.4	12	35.3
Upper	39.8	3	13.0	50.8	3	27.7	6	17.7
Total*	100.0	23	100.0	100.0	11	100.0	34	100.0

*Source: 2010 and 2011 Bank HMDA LARs. Excludes Borrower NA category

As reflected in the table above, the Credit Union originated 3 home loans, or 13.0 percent of its origination portfolio, to low-income borrowers in 2010. This performance is below the percentage of low-income families in the assessment area at 20.8 percent. However, as almost half of low-income families may fall beneath the poverty line, they would most likely not qualified for a home loan and, therefore, institutions are not expected to meet the low-income demographic. This is further supported by the distribution of aggregate lending. The Credit Union's low-income borrower lending performance exceeds the aggregate lenders' low-income borrower lending performance of 5.6 percent.

In 2011, the Credit Union's lending to low-income borrowers increased to 18.2 percent of total loans. This is primarily a result of the decrease in overall originations, as the number of loans distributed within this income category remained generally consistent with 2010.

For moderate-income borrowers, the Credit Union originated 39.2 percent of its home mortgage loans in 2010. This performance is higher than the aggregate lenders' performance, which shows that 18.5 percent of reportable home mortgage loans were extended to moderate-income borrowers within the assessment area. The Credit Union's proportion of originations to moderate-income borrowers, at 39.6 percent, is also above the distribution of moderate-income families in assessment area, at 17.4 percent.

In 2011, the Credit Union's lending to moderate-income borrowers decreased to 18.2 percent of total loans originated. Although the Credit Union's ~~volume in loans~~loan volume declined, the performance is still above the distribution of moderate-income families in the assessment area, at 17.9 percent. However, the relatively small volume of loans does skew the proportion of lending within these income categories.

Consumer Lending

Refer to Table 6 for specific data on the borrower distribution of consumer loans for 2010 and 2011 within the assessment area compared to total households by income level.

Table 6 - Distribution of Consumer Loans by Borrower Income Category							
Borrower Income Level	% of Households	2010		2011		Total	
		#	%	#	%	#	%
Low	25.8	19	76.0	17	70.8	36	73.4
Moderate	15.7	1	4.0	5	20.8	6	12.2
Middle	18.5	4	16.0	1	4.2	5	10.3
Upper	40.0	1	4.0	1	4.2	2	4.1
Total*	100.0	25	100.0	24	100.0	49	100

**Source: sample of 2010 and 2011 Consumer loan data.*

As reflected in the table above, within the sample of consumer loans distributed inside of the assessment area, the Credit Union extended 73.4 percent of consumer loans to low-income borrowers in 2010 and 2011. This performance is above the percentage of low-income households in the assessment area at 21.5 percent. With regards to moderate-income borrowers, 12.2 percent of the Credit Union's consumer loans were extended to people within this income category during 2010 and 2011. This is lower than the proportion of moderate income households in the area, at 15.7 percent.

From 2010 to 2011, the level of lending to low-income borrowers decreased in proportion from 76 percent to 70.8 percent, a result of a slightly higher concentration of lending to the moderate-income category within the sample. For moderate-income borrowers, the proportion and number of loans distributed within the income increased, from 4.0 to 20.8 percent. The relatively small volume within the sample does result in slight variation in the number of originations resulting in larger shifts in proportion among borrowers. Additionally, the consumer loan income data is generally based on a single borrower's information, which makes the comparison to demographics based on entire household income imprecise.

Overall, given the size of the institution and its resources, along with the significant competition and characteristics of the area, the Credit Union demonstrates an adequate penetration of lending to borrowers of different incomes. Therefore, the Credit Union meets the standards of satisfactory performance

4. GEOGRAPHIC DISTRIBUTION

The geographic distribution of loans was reviewed to assess how well the Credit Union is addressing the credit needs throughout the assessment area. As shown in Table 2 within the Description of Assessment Area, 9.6 percent of the census tracts in the area are designated as low-income; 21.1 percent of census tracts are moderate-income; 47.4 percent are middle-income; and 21.8 percent are upper-income. The geographic distribution is based on the review of the 2010 and 2011 HMDA LAR, as well as sample data from 2010 and 2011 consumer lending portfolios.

Residential Lending

The following table shows, by number, the geographic distribution of HMDA reportable loans within low-, moderate-, middle- and upper-income census tracts in comparison to the aggregate lending data and the percentage of total owner-occupied units within the assessment area in each respective census tract income category.

Table 7 - Distribution of HMDA Loans by Income Category of the Census Tract								
Census Tract Income Level	% of Owner Occ. Housing Units	2010		2010 Aggregate Lending Data (%)	2011		Total	
		#	%		#	%	#	%
Low	1.6	0	0.0	1.4	0	0.0	0	0.0
Moderate	11.1	4	17.4	8.5	2	18.2	6	17.6
Middle	55.9	17	73.9	51.3	6	54.5	23	67.7
Upper	31.4	2	8.7	38.8	3	27.3	5	14.7
Total*	100.0	23	100.0	100.0	11	100.0	34	100.0

**Source: 2010 and 2011 Bank HMDA LARs.*

As reflected in the table above, the Credit Union extended no mortgage loans within low-income census tracts during 2010 or 2011. The Credit Union's low-income census tract lending performance is below aggregate lenders' low-income census tract lending performance of 1.4 percent, as well as the demographic proportion of owner-occupied housing at 1.6 percent. It appears the majority of lending is taking place within towns adjacent to the Credit Union's branch, including Beverly, Peabody, and Danvers, which have a significant proportion of middle-income census tracts as opposed to low-income. This is further supported by the institution's primary method of collecting applications which is face-to-face. It is important to note that while the Credit Union has received no applications from low-income census tracts, even one origination would bring them in line with aggregate standards due to their small volume.

With regards to moderate-income census tracts, the Credit Union, originated 4 loans, or 17.4 percent of their portfolio within these geographies. This exceeds both 2010 aggregate lending patterns, as well as the proportion of owner-occupied housing, at 8.5 and 11.1 percent, respectively. In 2011, while the number of loans decreased to 2 originations, the proportion remained consistent at 18.2 percent.

Consumer Lending

The following table shows, by number, the geographic distribution of a sample of consumer loans within low-, moderate-, middle- and upper-income census tracts in comparison to the percentage of total households within the assessment area in each respective census tract income category.

Table 8 - Distribution of HMDA Loans by Income Category of the Census Tract							
Census Tract Income Level	% of Households within each tract	2010		2011		Total	
		#	%	#	%	#	%
Low	5.8	1	4.0	0	0.0	1	2.0
Moderate	19.2	9	36.0	5	20.8	14	28.6
Middle	51.4	15	60.0	19	79.2	34	69.4
Upper	23.6	0	0.0	0	0.0	0	0.0
Total*	100.0	25	100.0	24	100.0	49	100.0

**Source: sample of 2010 and 2011 Consumer loan data.*

As reflected in the table above, the Credit Union extended 1 loan, approximately 2 percent of the sampled consumer loans, within low-income census tracts during 2010 and 2011. The Credit Union's low-income census tract lending performance at 2.0 percent is below the proportion of households in the low-income census tract, at 5.8 percent. The low proportion of low-income census tract originations within 2010 and 2011 corroborates the institution's general lending within the municipalities of Peabody, Danvers and Beverly, geographies where middle income census tracts represent a majority.

Within moderate-income census tracts the Credit Union extended 28.6 percent of consumer loans during 2010 and 2011. The Credit Union's moderate-income census tract lending performance is higher than the proportion of households in the same areas, at 19.2 percent. The proportion of lending within the areas fell from 2010 to 2011, from 36.0 to 20.8 percent respectively.

Based upon the size of the institution, significant competition, and the demographics of the area, the geographic distribution of the Credit Union's lending reflects reasonable dispersion. As a result, the institution meets the standards for satisfactory performance within this criterion.

5. RESPONSE TO COMPLAINTS AND FAIR LENDING POLICIES AND PROCEDURES

The Division provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

Based upon the review of the Credit Union's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

The Credit Union received no complaints pertaining to the institution's CRA performance since the previous examination. There are established procedures for receiving and addressing complaints.

MINORITY APPLICATION FLOW

The minority application flow assesses the number of HMDA-reportable applications the Credit Union received from minorities within its delineated assessment area. The data analyzed was obtained from the HMDA LAR for 2010 and 2011. In addition, the 2010 HMDA LAR aggregate data was analyzed in order to measure the Credit Union's performance relative to all other lenders within the assessment area. The Credit Union's minority application flow for this period was also compared with the racial and ethnic composition of the assessment area. The comparison of this data assists in deriving reasonable expectations for the institution's minority application flow.

According to 2000 Census Data, the Credit Union's assessment area contained a total population of 723,419 individuals, 16.9 percent of which is representative of various racial and ethnic minorities. The assessment areas minority population is as follows: 11.0 percent Hispanic, 2.0 percent Black, 2.3 percent Asian, 0.1 percent American Indian/ Alaska Native and 1.4 percent "other race."

During 2010, Luso-American Credit Union received no minority applications. For 2011, the Credit Union received 1 application for which there was a minority co-applicant, which was denied. In 2011, there were also 2 applications from Hispanic applicants.

The percentage of applications the Credit Union received from minority individuals was below the minority composition of the assessment area for both years, and below the aggregate level of loan applications in 2010. Luso-American Credit Union's marketing focus on Portuguese members may have played a role in this result as this group generally report their status for government monitoring purposes as "White" and "Not Hispanic." As these individuals represent the overwhelming majority of applicants, the Credit Union has little to no minority application flow. Additionally, the small volume of applications received makes comparison to the aggregate difficult. In 2011 for instance, the one minority loan application received accounted for 5.9 percent of the application flow, equal to the census demographic of racial minorities. Regarding ethnicity, the Credit Union received no minority applications in 2010. However, the two applications received in 2011 (both originated) increased the ethnic minority application flow to 11.8 percent.

The Credit Union is strongly encouraged to continue reaching out to all segments of the population in an effort to increase its minority application flow, using new methods as necessary.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 37 Tremont Street, Peabody, MA 01960

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.